

~~TOP SECRET (Minimum Distribution)~~C.I.G.21 May, 1946CENTRAL INTELLIGENCE GROUPPROVISION FOR THE
COLLECTION OF FOREIGN INTELLIGENCE INFORMATION
BY CLANDESTINE METHODS

Reference: C.I.G. Directive No. 3

Memorandum by the Director of Central Intelligence

1. Pursuant to the provisions of C.I.G. Directive No. 3, the Central Planning Staff, C.I.G. is making a survey of the Facilities for the Collection of Foreign Intelligence Information by Clandestine Methods. Pressure growing out of early need for recommendations upon which to base budget estimates for fiscal year 1948, demands interim action on the subject at this time. Based upon the facts which the Central Planning Staff has so far been able to assemble, a report has been submitted to the Director of Central Intelligence. The substance of that report is included in the "Enclosure" and Appendix "B" hereto.

2. After consideration of the report, the enclosed and appended papers have been prepared as a basis for action in this matter.

3. It is therefore recommended that the Intelligence Advisory Board concur in the submission of the "Enclosure" for consideration by the National Intelligence Authority.

SIDNEY W. SOUERS
Director

~~TOP SECRET~~C.I.G.

- 1 -

TOP SECRET (Minimum Distribution)

E N C L O S U R E

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NATIONAL INTELLIGENCE AUTHORITY

PROVISION FOR THE
COLLECTION OF FOREIGN INTELLIGENCE INFORMATION
BY CLANDESTINE METHODS

Report by the Director of Central Intelligence
with the unanimous concurrence of the
Intelligence Advisory Board

1. During the war, the collection of foreign intelligence information by clandestine methods was accomplished by a number of agencies with varying degrees of success in production and in maintenance of security. In the continuing emergency, some of these agencies still exist and are functioning in whole or in part. Some of the war-time agencies which operated in this field have been curtailed or disbanded; some are expanding their efforts so as to cover vital areas which at present are without adequate, competent cover. Action at this time to provide the basis for adequate, efficient coverage of vital areas throughout the world for the collection of intelligence information by clandestine methods, is a necessity in the accomplishment of the national intelligence mission.

2. After consideration of all evidence assembled, the Director of Central Intelligence concludes that:

a. The coordination of the collection of foreign intelligence information by clandestine methods is a service of common concern which can be more efficiently accomplished centrally and such coordination should be accomplished by the Director of Central Intelligence. (paragraphs 3.b. and c., of the President's letter of 22 January, 1946).

TOP SECRET

-2-

ENCLOSURE

TOP SECRET

b. The existing departmental agencies should be reinforced and supplemented by the development of an efficient Central Secret Intelligence Service operated under the Director of Central Intelligence, adequate to fill the gaps discovered during the coordinated operation.

c. Budget provision should be made in the 1948 estimates of the several departments concerned, to accomplish the expansion of the centrally coordinated effort to provide the adequate, efficient, world-wide coverage which the national security demands. The sum required for such expanded coverage should be determined by a committee composed of a fiscal officer representing the Director of Central Intelligence, the fiscal officer of the Department of State, the fiscal officer of the Military Intelligence Division, and the fiscal officer of the Chief of Naval Intelligence. Provision should be made to facilitate the use of these funds for the purpose indicated when and as required by the Director of Central Intelligence.

d. The Federal Bureau of Investigation facilities for and activities in the collection of foreign intelligence information by clandestine methods in the political, economic and financial fields in Central and South America and the Caribbean, should gradually be withdrawn and FBI operations by clandestine methods outside the United States should be restricted to the collection of only such foreign intelligence information as is necessary to perform its mission pertaining to the internal security of the Nation. This is in conformity with the decision of the Attorney General on 20 May, 1946.

Discussion upon which the foregoing conclusions are based is contained in Enclosure "B" (Appendix "B" hereto).

TOP SECRET

- 3 -

Enclosure

TOP SECRET

3. The enclosed draft N.I.A. Directive has been prepared to provide the means for carrying out the recommendations based upon the above conclusions. It has been unanimously concurred in by the Director of Central Intelligence and the Intelligence Advisory Board.

4. It is recommended that the National Intelligence Authority approve the draft directive in Enclosure "A" (Appendix "A" hereto).

TOP SECRET

- 4 -

Enclosure

TOP SECRET (Minimum Distribution)

APPENDIX "A"

DRAFT

PROPOSED N.I.A. DIRECTIVE

PROVISION FOR THE
COLLECTION OF FOREIGN INTELLIGENCE INFORMATION
BY CLANDESTINE METHODS

Pursuant to paragraph 1 of the letter from the President, dated 22 January 1946, which designated this Authority as responsible for planning, developing and coordinating the Federal foreign intelligence activities so as to assure the most effective accomplishment of the intelligence mission related to the national security, the following policies and procedures to provide for the collection of foreign intelligence information by clandestine methods, are announced:

1. Each of our respective departments shall maintain an agency or agencies capable of collecting foreign intelligence information to meet departmental needs, as directed in paragraph 6 of the President's letter dated 22 January 1946.
2. The Director of Central Intelligence shall direct the coordination of all collection by clandestine methods, of foreign intelligence and counter-intelligence information, related to the national security.
3. The Director of Central Intelligence shall establish and operate such Central Secret Intelligence Service as the NIA may determine to be required to supplement the intelligence agencies performing departmental intelligence functions in and for our several departments.
4. The Federal Bureau of Investigation will continue the collection of foreign intelligence information bearing upon its legal mission relating to the internal security of the nation, but will not be required to perform any additional collecting missions.

TOP SECRET

APPENDIX "A"

TOP SECRET

5. Funds will be expended, and services and facilities furnished, by our departments as required to support the activities directed herein. Ample provision of secret funds in budget estimates for fiscal year 1948 and thereafter, to permit of appropriate development of the effort, will be made by State, War and Navy Departments; and the Director of Central Intelligence will direct the coordination of departmental budget estimates for this purpose.

6. The State, War and Navy Departments and the Director, FBI, will take the necessary steps to implement the foregoing policies and procedures.

7. The Director of Central Intelligence will take the necessary steps to perform the missions herein assigned to him.

TOP SECRET

APPENDIX "A"

TOP SECRET (Minimum Distribution)

APPENDIX "B"

DISCUSSION

1. During the war, the collection of foreign intelligence information necessary to the prosecution of the war, by clandestine methods, was engaged in by a number of agencies including G-2, WDGS, ONI, FBI, and OSS, supplemented by the activities of certain personnel of the Department of State. Since the termination of formal hostilities, certain of the agencies operating during the war in the clandestine field have curtailed or terminated their activities.

2. The need for foreign intelligence information which can be collected only by clandestine methods is an integral and essential part of the continuing need for complete foreign intelligence to insure the national security.

3. In the course of the survey, the following categories of personnel have been interviewed and, in some cases, have submitted written reports and comments:-

a. State Department officials having knowledge of the work and requirements in this field;

b. Representatives of G-2 concerned in clandestine methods for collecting foreign intelligence information;

c. Representatives of ONI concerned in this type of work;

d. Representatives of FBI with complete knowledge of their operations in this field in the areas and centers assigned to them by Presidential Orders;

e. Officials of SSU (formerly OSS) and field personnel of that organization who happened to be in Washington.

4. The Department of State, in its visa control, has continuing need for information on foreign individuals desiring to enter the

TOP SECRET

- 7 -

Appendix "B"

TOP SECRET

United States and on individuals residing abroad who claim right to American passports. The Department of State, in performing its mission to determine the policy of the government in relation to international problems, has continuing need for foreign intelligence information, particularly in political, economic and financial fields. However, as a matter of policy, the Department of State prefers not to engage in the collection of foreign intelligence information by clandestine methods. The Department of State, in order to perform its departmental intelligence mission, therefore requires assistance from other agencies.

5. a. The War Department has a continuing need for foreign military intelligence information in order that the Secretary, and in turn the President, shall have accurate and current military intelligence on all other countries, any one or more of which may at any time become a threat to the national security. Some of the information required in some countries and much of it in others, cannot be obtained by overt methods. To supply this deficiency in war-time, the Military Intelligence Division developed facilities for collecting essential information by clandestine methods. In the continuing emergency, these facilities are still in operation and are being currently expanded in certain areas. Provision for these facilities and their operation has been made in budget estimates for fiscal year 1947.

b. The War Department also possesses and operates, under the direction of the Director of Central Intelligence, certain facilities formerly under OSS and later SSU. NIA Directives No. 3 and No. 4 provide for the liquidation of these facilities by the end of fiscal year 1947. Such liquidation, however, can be accomplished in whole or in part by the transfer to other agencies, or to the Central Intelligence Group, of such facilities as shall be necessary to them in performing their parts of the national intelligence mission. So

TOP SECRET

TOP SECRET

far as available information indicates, the operation of certain facilities formerly under OSS and later SSU, is necessary to the performance of the national intelligence mission. The G-2, USFET and the Military Government in occupied territories in Europe characterize these facilities as "necessary" to them and would desire their integration in USFET if no other use for them were to be determined. So far as the testimony shows, only SSU has been able to penetrate the Balkans at the present time of domination of that area by others. The Foreign Activities Correlation Division of the Department of State, speaking specifically of the I-2 activity of SSU, states that, "The I-2 type of work should not be cast aside hastily and forgotten. The war-time unit can well boast of some valuable talent and certain communication facilities that should be capitalized upon during peace by an organization of a permanent character".

6. During the war, the Navy Department developed and operated clandestine facilities which were essential parts of the mechanism for collecting foreign intelligence information. Currently, due to drastically curtailed funds, the Navy Department does not and cannot maintain facilities for collecting essential naval intelligence information on foreign countries by clandestine methods. The need for such information exists, however - witness the TOP SECRET "Current Intelligence Requirements", dated 15 April, 1946, from the Chief of Naval Intelligence, copy of which is on file in C.I.G. Substantial portions of these "Current Intelligence Requirements" could not be met by the overt means currently available to the Chief of Naval Intelligence. The Navy Department possesses the capability of operating by clandestine methods insofar as available competent personnel is concerned. It does not possess that capability insofar as essential financial support is concerned.

TOP SECRET

- 9 -

Appendix "B"

TOP SECRET

The Navy Department at present requires assistance from some other agency to meet the need which its own available facilities cannot meet.

7. During the war, by Order of the President, the Federal Bureau of Investigation collected political, economic, financial, industrial and counter-intelligence information by clandestine methods in Central and South America and the Caribbean. The FBI also stationed personnel in several European centers in order to cover certain activities directed against the security of the United States from those centers. Certain security operations of the FBI outside the United States are a necessary part of its mission pertaining to the internal security of the Nation, since much foreign activity intended to be detrimental to the United States is directed from outside the United States. The operation of the FBI in the political, economic, financial and industrial fields, outside the United States - while authorized in war-time by Presidential Order and continued currently by Congressional appropriation - is apparently without legal authority in peace-time and might not be sustained if competently challenged.

8. To summarize:

a. State Department has the continuing need for certain foreign intelligence information which can be collected only by clandestine methods, but has not developed means for performing such collection in peace-time;

b. Navy Department has the continuing need for foreign intelligence information which can be collected only by clandestine methods, but currently does not possess adequate funds to permit such collection activity.

c. War Department has the continuing need for foreign intelligence information which can be collected only by clandestine methods, and possesses the means for meeting that need.

TOP SECRET

-10-

APPENDIX "B"

TOP SECRET

d. FBI has the continuing need for certain types of foreign intelligence information which can be collected only by clandestine methods, and possesses the potential means for meeting that need. However, FBI is legally restricted in the scope of its operations.

9. Four courses of action to insure that each of the agencies subject to NIA coordination has its needs in this field properly met, appear to be open to consideration, as follows:-

a. Each department to operate its own Secret Intelligence Service to carry out its own departmental intelligence mission, all to be subject to central coordination.

b. A single department to operate a Secret Intelligence Service for the benefit of other departments as well as itself, this to be subject to central direction so as to insure that each department receives full benefit of the service.

c. A Central Secret Intelligence Service to be established and operated by the Director of Central Intelligence, such central service to replace the departmental services.

d. A Central Secret Intelligence Service to be established and operated by the Director of Central Intelligence, in addition to and coordinated with the departmental services.

10. Analysing the foregoing courses of action it would appear that:

a. Each department now operates its own Secret Intelligence Service to the extent permitted by the facilities available to it for such service. Maintenance of the status quo would avoid interruption of existing services and would maintain the essential departmental responsibility for providing departmental intelligence. Distribution of this responsibility favors security, both as regards operating personnel and as regards secret funds. It also insures

TOP SECRET

TOP SECRET

that technical specialists are available to the departmental service having a specific need. If the operation of the several Secret Intelligence Services were coordinated centrally, the inadequacies caused by varying and at times insufficient departmental facilities, might be compensated. On the other hand, the problem of coordination will be difficult. Also, experience may discover gaps in the information collected, due to inadequate means at the disposition of member agencies.

b. Operation by a single department for the mutual benefit of all would not be entirely satisfactory, for a certain degree of departmental bias would be inevitable, even under central direction; the organization would be necessarily of such size that the security of the numerous personnel required under one head would be difficult to insure and maintain; positive control by a central agency would be difficult to effect in practice, however effective it might appear to be in theory.

c. A Central Secret Intelligence Service, intended to replace the several departmental services, might not replace them actually, as testimony brought out in the hearings showed that, even with such a central service, any departmental intelligence agency might consider it necessary to continue its own secret service. A Central Secret Intelligence Service of the magnitude required to meet the needs of the several departments would be relatively easy to penetrate. A departmental head would not be able to hold any single agency exclusively responsible for providing departmental intelligence information. Transmission of information to action agencies within departments might be delayed. It would be less responsive to detailed needs of individuals at the working level within departments. It would supplant existing agencies by an untried experiment, with

TOP SECRET

-12-

APPENDIX "B"

TOP SECRET

inevitable disruption of existing services. A Central Secret Intelligence Service has the advantages inherent in any centralized effort of singleness of purpose, unity of control and possible economy of effort in field operations.

d. A relatively small central service, supplementary to and coordinated with the several departmental services, would preserve all the advantages of a. above, and would further provide the means for filling gaps in the accomplishment of the national information collection mission discovered during coordinated operations of the departments concerned. A provision including such a small central service added to the existing agencies, possesses the advantages of a. above, and compensates for an important disadvantage which was pointed out.

11. From the foregoing analysis, the course of action outlined in 9.d., is favored, to wit, the most practicable and efficient provision for meeting the needs of the several departments for intelligence information collected by clandestine methods, will be the maintenance of departmental secret services plus the operation, by the Director of Central Intelligence, of such small, efficient secret service of common concern, as may be demonstrated to be necessary; the operations to be coordinated, for the mutual benefit of the several departments, by the Director of Central Intelligence.

TOP SECRET

-13-

APPENDIX "B"